

## **G - Finance and Administration Cabinet**

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## **G - Finance and Administration Cabinet**

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## G - Finance and Administration Cabinet

## Operating Budget

## Summary Totals

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>						
General Fund (Tobacco)	6,291,600	6,291,600		15,488,200	15,488,200	
General Fund	384,509,500	384,509,500		416,527,100	417,887,600	1,360,500
Restricted Funds	104,658,600	104,658,600		103,891,600	103,891,600	
Federal Funds	4,021,800	4,021,800		2,878,300	2,878,300	
Road Fund	4,756,000	4,756,000		4,331,000	4,331,000	
<b>Regular Total Funds</b>	<b>504,237,500</b>	<b>504,237,500</b>		<b>543,116,200</b>	<b>544,476,700</b>	<b>1,360,500</b>
Continuing						
<b>TOTAL FUNDS</b>	<b>504,237,500</b>	<b>504,237,500</b>		<b>543,116,200</b>	<b>544,476,700</b>	<b>1,360,500</b>
<b>II. EXPENDITURE CATEGORY</b>						
Personnel Costs	147,582,200	147,582,200		148,590,500	148,590,500	
Operating Expenses	87,681,200	87,681,200		89,280,600	89,280,600	
Grants, Loans, Benefits	10,250,000	10,250,000		9,250,000	9,250,000	
Debt Service	253,919,000	253,919,000		291,980,100	293,340,600	1,360,500
Capital Outlay	1,305,100	1,305,100		515,000	515,000	
Construction	3,500,000	3,500,000		3,500,000	3,500,000	
<b>TOTAL EXPENDITURES</b>	<b>504,237,500</b>	<b>504,237,500</b>		<b>543,116,200</b>	<b>544,476,700</b>	<b>1,360,500</b>
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>						
General Fund (Tobacco)	6,291,600	6,291,600		15,488,200	15,488,200	
General Fund	384,509,500	384,509,500		416,527,100	417,887,600	1,360,500
Restricted Funds	104,658,600	104,658,600		103,891,600	103,891,600	
Federal Funds	4,021,800	4,021,800		2,878,300	2,878,300	
Road Fund	4,756,000	4,756,000		4,331,000	4,331,000	
<b>Regular Total Funds</b>	<b>504,237,500</b>	<b>504,237,500</b>		<b>543,116,200</b>	<b>544,476,700</b>	<b>1,360,500</b>
Continuing						
<b>TOTAL BASE LEVEL</b>	<b>504,237,500</b>	<b>504,237,500</b>		<b>543,116,200</b>	<b>544,476,700</b>	<b>1,360,500</b>

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**G - Finance and Administration Cabinet****Capital Budget****Summary Totals**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>						
General Fund	35,375,000	36,175,000	800,000			
Restricted Funds	19,534,000	19,534,000		6,874,000	6,874,000	
Federal Funds	1,300,000	1,300,000				
Bond Funds	171,130,000	200,305,000	29,175,000			
Capital Construction Sur	444,400	444,400				
Investment Income	2,700,000	9,925,000	7,225,000		2,500,000	2,500,000
Other Funds	21,500,000	21,500,000		3,000,000	3,000,000	
<b>TOTAL CAPITAL</b>	<b>251,983,400</b>	<b>289,183,400</b>	<b>37,200,000</b>	<b>9,874,000</b>	<b>12,374,000</b>	<b>2,500,000</b>

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**G - Finance and Administration Cabinet****Operating Budget****General Administration**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>						
General Fund	11,916,700	11,916,700		11,938,200	11,938,200	
Restricted Funds	7,558,800	7,558,800		7,061,700	7,061,700	
Road Fund	283,000	283,000		283,000	283,000	
<b>Regular Total Funds</b>	<b>19,758,500</b>	<b>19,758,500</b>		<b>19,282,900</b>	<b>19,282,900</b>	
Continuing						
<b>TOTAL FUNDS</b>	<b>19,758,500</b>	<b>19,758,500</b>		<b>19,282,900</b>	<b>19,282,900</b>	
<b>II. EXPENDITURE CATEGORY</b>						
Personnel Costs	12,638,300	12,638,300		12,690,800	12,690,800	
Operating Expenses	4,021,100	4,021,100		3,998,100	3,998,100	
Grants, Loans, Benefits	2,500,000	2,500,000		2,500,000	2,500,000	
Capital Outlay	599,100	599,100		94,000	94,000	
<b>TOTAL EXPENDITURES</b>	<b>19,758,500</b>	<b>19,758,500</b>		<b>19,282,900</b>	<b>19,282,900</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>						
General Fund	11,916,700	11,916,700		11,938,200	11,938,200	
Restricted Funds	7,558,800	7,558,800		7,061,700	7,061,700	
Road Fund	283,000	283,000		283,000	283,000	
<b>Regular Total Funds</b>	<b>19,758,500</b>	<b>19,758,500</b>		<b>19,282,900</b>	<b>19,282,900</b>	
Continuing						
<b>TOTAL BASE LEVEL</b>	<b>19,758,500</b>	<b>19,758,500</b>		<b>19,282,900</b>	<b>19,282,900</b>	

**Fiscal Biennium 2004-2006  
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**General Administration**

**BILL AS INTRODUCED**

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from, the General Administration Appropriation Unit, Capital Construction Investment Income account, in the amount of \$1,888,000 in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

**"Affordable Housing Trust Fund:** Included in the above General Fund appropriation is \$2,500,000 in fiscal year 2004-2005 and \$2,500,000 in fiscal year 2005-2006 for the Affordable Housing Trust Fund."

**The Finance and Administration Cabinet Reorganization-** The Cabinet combined the administrative functions, including human resources, fiscal operations, budget and legal services, of the former Finance and Administration Cabinet, the former Revenue Cabinet and the former Governor's Office of Technology. The Division of Local Government Services was created by combining the Social Security function, the county costs/fees functions and the property valuation administrator's support. The previous Department of Administration was abolished and its functions moved to other areas of the cabinet or to the Commerce Cabinet.

**HOUSE REPORT**

The House concurs with the Bill as Introduced with the following changes:

The House amends a Part I, Operating Budget, language provision as follows:

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**General Administration**

**"Affordable Housing Trust Fund:** Included in the above General Fund appropriation is \$2,500,000 in fiscal year 2004-2005 and \$2,500,000 in fiscal year 2005-2006 for the Affordable Housing Trust Fund. The Kentucky Housing Corporation shall provide from the Kentucky Housing Corporation Housing Assistance Fund to the Affordable Housing Trust Fund \$500,000 in fiscal year 2004-2005 and \$500,000 in fiscal year 2005-2006.

The House amends Part V, Fund Transfers, to include: an additional \$18,325,000 in fiscal year 2004-2005, \$13,725,000 from General Administration, Capital Construction Investment Income and \$592,900 in fiscal year 2004-2005 from EMPOWER KY.

**SENATE REPORT**

The Senate concurs with the House with the following changes:

The Senate amends Part V, Fund Transfers, by deleting the EMPOWER KY transfer of \$592,900 in fiscal year 2004-2005. The Senate amends the fund transfer, for the Capital Construction Investment Income, to \$7,438,000 in fiscal year 2004-2005 and \$12,675,000 for fiscal year 2005-2006.

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**G - Finance and Administration Cabinet****Capital Budget****General Administration**

Fiscal Year 2004-2005			Fiscal Year 2005-2006		
House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference

**I. CAPITAL PROJECT RECAP BY FUND SOURCE**

General Fund

Restricted Funds

Investment Income

300,000

300,000

**TOTAL CAPITAL****300,000****300,000****II. CAPITAL PROJECTS****1            Postal Services-2 Inserting machines**

PRJ7750167

Investment Income

300,000

300,000

**Project Total****300,000****300,000****2            Finance Genesco Building-Lease**

PRJ7750168

General Fund

Restricted Funds

**Project Total****TOTAL CAPITAL****300,000****300,000**

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**G - Finance and Administration Cabinet****Operating Budget****Controller**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>						
General Fund	10,714,700	10,714,700		10,832,100	10,832,100	
Restricted Funds	2,189,000	2,189,000		2,196,400	2,196,400	
Federal Funds	3,250,000	3,250,000		2,250,000	2,250,000	
<b>Regular Total Funds</b>	<b>16,153,700</b>	<b>16,153,700</b>		<b>15,278,500</b>	<b>15,278,500</b>	
Continuing						
<b>TOTAL FUNDS</b>	<b>16,153,700</b>	<b>16,153,700</b>		<b>15,278,500</b>	<b>15,278,500</b>	
<b>II. EXPENDITURE CATEGORY</b>						
Personnel Costs	6,431,500	6,431,500		6,480,900	6,480,900	
Operating Expenses	6,457,200	6,457,200		6,532,600	6,532,600	
Grants, Loans, Benefits	3,250,000	3,250,000		2,250,000	2,250,000	
Debt Service	15,000	15,000		15,000	15,000	
<b>TOTAL EXPENDITURES</b>	<b>16,153,700</b>	<b>16,153,700</b>		<b>15,278,500</b>	<b>15,278,500</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>						
General Fund	10,714,700	10,714,700		10,832,100	10,832,100	
Restricted Funds	2,189,000	2,189,000		2,196,400	2,196,400	
Federal Funds	3,250,000	3,250,000		2,250,000	2,250,000	
<b>Regular Total Funds</b>	<b>16,153,700</b>	<b>16,153,700</b>		<b>15,278,500</b>	<b>15,278,500</b>	
Continuing						
<b>TOTAL BASE LEVEL</b>	<b>16,153,700</b>	<b>16,153,700</b>		<b>15,278,500</b>	<b>15,278,500</b>	

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**Office of the Controller**

**BILL AS INTRODUCED**

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

**"Social Security Contingent Liability Fund:** Any expenditures that may be required by KRS 61.470 are hereby deemed necessary government expenses and shall be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any available balance in either the Judgments budget unit appropriation or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act."

**Management Administration Reporting System (MARS)-** MARS is the software system used statewide for financial accounting and reporting. An \$11.5 million initiative is recommended to upgrade MARS.

**HOUSE REPORT**

The House concurs with the Bill as Introduced with the following changes:

The House adds a Part I, Operating Budget, language provision as follows:

**"Contract Litigation:** Notwithstanding KRS Chapter 13B, actions on KRS Chapter 45A contracts shall be ligated pursuant to KRS 45A.245."

The House, amends Part II, Capital Budget, projects as follows:Management Administrative Reporting System Upgrade a reduction of \$2,500,000 Investment Income, in fiscal year 2004-2005.



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**Office of the Controller**

The House provides \$27,000,000 in General Fund from a transfer of Tobacco Settlement Funds, and \$87,000,000 in Bond Funds, that the debt service support comes from Tobacco Settlement Funds, for the Phase II Tobacco Settlement Payments project in fiscal year 2004-2005.

The House adds a Part II, Capital Budget, language provision as follows:

**"Phase II Tobacco Settlement Payments:** The bonds shall be issued by the Kentucky Asset/Liability Commission pursuant to KRS 56.860 to 56.869, or any other applicable state entity authorized by law to issue bonds, as early as calendar year 2005 as possible and shall be issued for a term not to exceed 20 years."

**SENATE REPORT**

The Senate concurs with the House with the following changes:

The Senate amends State Executive Branch Budget Bill, Part I, Operating Budget, by removing the language concerning "Contract Litigation".

The Senate, amends Part II, Capital Budget, projects as follows: Management Administrative Reporting System Upgrade an increase of \$2,500,000 Investment Income, in fiscal year 2005-2006.

The Senate, amends Part II, Capital Budget language provision as follows:

**"Phase II Tobacco Settlement Payments:** The bonds shall be issued by the Kentucky Asset/Liability Commission or any other applicable state entity authorized by law to issue bonds, as designated by the Secretary of the Finance and Administration Cabinet. The bonds shall be issued by June 30, 2005, and shall be issued for a term not to exceed 20 years."

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**G - Finance and Administration Cabinet****Capital Budget****Controller**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>						
General Fund	27,000,000	27,000,000				
Restricted Funds	6,000,000	6,000,000		2,000,000	2,000,000	
Bond Funds	87,000,000	87,000,000				
Investment Income	1,000,000	1,000,000			2,500,000	2,500,000
<b>TOTAL CAPITAL</b>	<b>121,000,000</b>	<b>121,000,000</b>		<b>2,000,000</b>	<b>4,500,000</b>	<b>2,500,000</b>
<b>II. CAPITAL PROJECTS</b>						
<b>1</b>	<b>Management Administrative Reporting System Upgrade</b>					
PRJ7580164						
Restricted Funds	6,000,000	6,000,000		2,000,000	2,000,000	
Investment Income	1,000,000	1,000,000			2,500,000	2,500,000
<b>Project Total</b>	<b>7,000,000</b>	<b>7,000,000</b>		<b>2,000,000</b>	<b>4,500,000</b>	<b>2,500,000</b>
<b>2</b>	<b>Phase II Tobacco Settlement Payments</b>					
PRJ7580165						
General Fund	27,000,000	27,000,000				
Bond Funds	87,000,000	87,000,000				
<b>Project Total</b>	<b>114,000,000</b>	<b>114,000,000</b>				
<b>TOTAL CAPITAL</b>	<b>121,000,000</b>	<b>121,000,000</b>		<b>2,000,000</b>	<b>4,500,000</b>	<b>2,500,000</b>

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## G - Finance and Administration Cabinet

## Operating Budget

## Debt Service

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>						
General Fund (Tobacco)	6,116,600	6,116,600		15,313,200	15,313,200	
General Fund	244,857,400	244,857,400		274,146,900	275,507,400	1,360,500
Road Fund	2,930,000	2,930,000		2,505,000	2,505,000	
<b>Regular Total Funds</b>	<b>253,904,000</b>	<b>253,904,000</b>		<b>291,965,100</b>	<b>293,325,600</b>	<b>1,360,500</b>
Continuing						
<b>TOTAL FUNDS</b>	<b>253,904,000</b>	<b>253,904,000</b>		<b>291,965,100</b>	<b>293,325,600</b>	<b>1,360,500</b>
<b>II. EXPENDITURE CATEGORY</b>						
Debt Service	253,904,000	253,904,000		291,965,100	293,325,600	1,360,500
<b>TOTAL EXPENDITURES</b>	<b>253,904,000</b>	<b>253,904,000</b>		<b>291,965,100</b>	<b>293,325,600</b>	<b>1,360,500</b>
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>						
General Fund (Tobacco)	6,116,600	6,116,600		15,313,200	15,313,200	
General Fund	244,857,400	244,857,400		274,146,900	275,507,400	1,360,500
Road Fund	2,930,000	2,930,000		2,505,000	2,505,000	
<b>Regular Total Funds</b>	<b>253,904,000</b>	<b>253,904,000</b>		<b>291,965,100</b>	<b>293,325,600</b>	<b>1,360,500</b>
Continuing						
<b>TOTAL BASE LEVEL</b>	<b>253,904,000</b>	<b>253,904,000</b>		<b>291,965,100</b>	<b>293,325,600</b>	<b>1,360,500</b>

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**Debt Service**

**BILL AS INTRODUCED**

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

**"New Debt Service:** Included in the above General Fund appropriation is \$5,049,500 in fiscal year 2005-2006 to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for appropriation units within the Finance and Administration Cabinet."

**"Tobacco Settlement Funds - Debt Service:** To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

**"Appropriations for Projects Not Line-Itemized:** Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Projects; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects; Wetland and Stream Mitigation; Phase I Tobacco Settlement Agricultural Development Initiative; Economic Development projects which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; the Capital Renewal and Maintenance Bond Pool; and University Major Items of Equipment Pools. Any projects estimated to cost over \$400,000 and equipment estimated to cost over \$100,000 shall be reported to the Capital Projects and Bond Oversight Committee. All moneys transferred to the Finance and Administration Cabinet for capital construction from any appropriations, including income from investments, shall be expended, accounted for, and otherwise treated in the same manner as funds appropriated directly to the Finance and Administration Cabinet for capital construction."

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, contains language provisions that direct:

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**Debt Service**

**"Debt Service:** To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco supported funding program accounts to other accounts of the General Fund."

The Bill as introduced provides General Fund-Phase I Tobacco Settlement Funds totaling \$6,116,600 in fiscal year 2004-2005 and \$6,113,200 in fiscal year 2005-2006 to the Finance and Administration Cabinet, Debt Service appropriation unit.

**HOUSE REPORT**

The House concurs with the Bill as Introduced with the following exceptions:

The House increases General Fund support totaling \$4,599,000, in fiscal year 2005-2006, for the debt service on the Statewide Repair, Maintenance, and Replacement Pool Fund Capital Project in the Facilities and Support appropriation unit and increased General Fund (Tobacco) support totaling \$9.2 million, in fiscal year 2005-2006, for the debt service on the Phase II Payments Capital Project in the Office of the Controller.

The House amends a Part I, Operating Budget, language provision as follows:

**"New Debt Service:** Included in the above General Fund appropriation is \$9,648,500 in fiscal year 2005-2006 to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for appropriation units within the Finance and Administration Cabinet.

**SENATE REPORT**

The Senate concurs with the House with the following changes:

The Senate amends the Part I, Operating Budget, General Fund Support for debt service on new projects, by \$1,130,500.

The Senate amends Part I, Operating Budget, language as follows:

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**Debt Service**

**"New Debt Service:** Included in the above General Fund appropriation is \$7,786,000 in fiscal year 2005-2006 to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for appropriation units within the Finance and Administration Cabinet.



**G - Finance and Administration Cabinet****Operating Budget****Facilities and Support Services**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>						
General Fund	7,243,900	7,243,900		7,242,600	7,242,600	
Restricted Funds	29,536,500	29,536,500		29,282,000	29,282,000	
<b>Regular Total Funds</b>	<b>36,780,400</b>	<b>36,780,400</b>		<b>36,524,600</b>	<b>36,524,600</b>	
Continuing						
<b>TOTAL FUNDS</b>	<b>36,780,400</b>	<b>36,780,400</b>		<b>36,524,600</b>	<b>36,524,600</b>	
<b>II. EXPENDITURE CATEGORY</b>						
Personnel Costs	16,671,500	16,671,500		16,683,400	16,683,400	
Operating Expenses	17,402,900	17,402,900		17,420,200	17,420,200	
Capital Outlay	706,000	706,000		421,000	421,000	
Construction	2,000,000	2,000,000		2,000,000	2,000,000	
<b>TOTAL EXPENDITURES</b>	<b>36,780,400</b>	<b>36,780,400</b>		<b>36,524,600</b>	<b>36,524,600</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>						
General Fund	7,243,900	7,243,900		7,242,600	7,242,600	
Restricted Funds	29,536,500	29,536,500		29,282,000	29,282,000	
<b>Regular Total Funds</b>	<b>36,780,400</b>	<b>36,780,400</b>		<b>36,524,600</b>	<b>36,524,600</b>	
Continuing						
<b>TOTAL BASE LEVEL</b>	<b>36,780,400</b>	<b>36,780,400</b>		<b>36,524,600</b>	<b>36,524,600</b>	

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**Facilities and Support Services**

**BILL AS INTRODUCED**

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from the Department of Facilities and Support Services, Perry/Knott Recreational Authority-Red Fox Golf Course Project, in the amount of \$1,685,000 in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

**"Authorization and Purpose of Pool:** The Guaranteed Energy Performance Projects Pool shall serve as a central project pool for Guaranteed Energy Savings Performance Contracts in any state-owned building. These contracts will function as lease-purchase procurements, using energy savings as payment for improvements, as provided by KRS 56.770 to 56.784. The Finance and Administration Cabinet is authorized to enter into various guaranteed energy performance contracts for facilities in any state agency."

**"Restricted Funds – Kentucky Capitol Complex:** The Restricted Funds authorized for the Improve Site Infrastructure – Kentucky Capitol Complex project are restricted by the Federal Government. One of the authorized uses is for energy related projects. It is the intention of the General Assembly that these funds be used to offset a portion of the cost for the new Power Plant Building at the Capitol Annex which will result in substantial energy savings."

**HOUSE REPORT**

The House concurs with the Bill as Introduced with the following changes:

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**Facilities and Support Services**

The House adds a Part I, Operating Budget, language provision as follows:

**"Old Governor's Mansion:** The Secretary of the Finance and Administration Cabinet shall expend no funds to maintain a home for the Lieutenant Governor. No one shall reside in the Old Governor's Mansion, and it shall be used as a meetinghouse or museum only. The Secretary of the Finance and Administration Cabinet is directed to transfer the operation and use of the Old Governor's Mansion to the Kentucky Historical Society and transfer funding of \$100,000 in fiscal year 2004-2005 and \$100,000 in fiscal year 2005-2006. The Kentucky Historical Society shall direct the official use of the Old Governor's Mansion, which shall not be used as a residence of the Lieutenant Governor. The Kentucky Historical Society shall also provide appropriate recognition, associated with the Mansion, for Dr. Thomas D. Clark, Kentucky Historian Laureate for Life."

**Part II, Capital Budget**

The House concurs with the Bill as Introduced with the following changes:

Acquire Land/Demolish Bldgs - Statewide - Additional, Investment Income of \$975,000 in fiscal year 2005 and Investment Income of \$975,000 in fiscal year 2006 has been deleted.

This project is authorized as Bond Funds in the Statewide Repair, Maintenance, and Replacement Pool Fund within the Finance and Administration Cabinet, in the amount of \$1,950,000 The fiscal year 2005-2006 debt service is included in the Finance and Administration Cabinet's budget.

Deferred Maintenance Fund, Investment Income of \$500,000 in fiscal year 2005 and Investment Income of \$500,000 in fiscal year 2006 has been deleted.

This project is authorized as Bond Funds in the Statewide Repair, Maintenance, and Replacement Pool Fund within the Finance and Administration Cabinet, in the amount of \$1,000,000 The fiscal year 2005-2006 debt service is included in the Finance and Administration Cabinet's budget.

Emergency Repair, Maintenance and Replacement Fund, Investment Income of \$2,500,000 in fiscal year 2005 and Investment Income of \$2,500,000 in fiscal year 2006 has been deleted.

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**Facilities and Support Services**

This project is authorized as Bond Funds in the Statewide Repair, Maintenance, and Replacement Pool Fund within the Finance and Administration Cabinet, in the amount of \$5,000,000 The fiscal year 2005-2006 debt service is included in the Finance and Administration Cabinet's budget.

Maintenance Pool, Investment Income of \$3,750,000 in fiscal year 2005 and Investment Income of \$3,750,000 in fiscal year 2006 has been deleted.

This project is authorized as Bond Funds in the Statewide Repair, Maintenance, and Replacement Pool Fund within the Finance and Administration Cabinet, in the amount of \$7,500,000 The fiscal year 2005-2006 debt service is included in the Finance and Administration Cabinet's budget.

The House adds a Part II, Capital Budget, language provision as follows:

**"Statewide Repair, Maintenance, and Replacement Pool Fund:** Included in the above Statewide Repair, Maintenance, and Replacement Pool Fund are the following Bond Funds supported projects and related appropriations in fiscal year 2004-2005:

- (a) Military Affairs, Construct 30 New T-Hangars, Capital City Airport, \$1,350,000;
- (b) Military Affairs, Maintenance Pool, \$1,720,000;
- (c) Parks, Maintenance Pool, \$7,980,000;
- (d) Environmental and Public Protection Cabinet, General Administration and Support, Maintenance Pool, \$700,000;
- (e) Environmental and Public Protection Cabinet, Department for Environmental Protection, State-Owned Dam Repair, \$1,000,000;
- (f) Facilities and Support Services, Acquire Land/Demolish Buildings Statewide, \$1,950,000;
- (g) Facilities and Support Services, Statewide Deferred Maintenance Fund, \$1,000,000;
- (h) Facilities and Support Services, Emergency Repair, Maintenance, and Replacement Fund, \$5,000,000;
- (i) Facilities and Support Services Maintenance Pool, \$7,500,000;
- (j) Health and Family Services Cabinet, Department for Mental Health and Mental Retardation Services, Chiller Pool, \$450,000; and
- (k) Justice and Public Safety Cabinet, Department for Juvenile Justice, Maintenance Pool, \$900,000."

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**Facilities and Support Services**

**SENATE REPORT**

The Senate concurs with the House with the following changes:

The Senate amends the State Executive Branch Budget, Part I, Operating Budget, language provision as follows:

**"Old Governor's Mansion:** The Secretary of the Finance and Administration Cabinet shall expend no funds to maintain a home for the Lieutenant Governor."

The Senate amends Part II, Capital Budget by providing Bond Funds totaling \$18,225,000 for the Statewide Repair, Maintenance, and Replacement Pool Fund in fiscal year 2004-2005, providing \$975,000 in Investment Income for the Acquire Land/Demolish Bldgs. - Statewide - Additional project in fiscal year 2004-2005, providing \$800,000 in General Fund for the Governor's Mansion HVAC and Window Replacement project in fiscal year 2004-2005, additional \$2,500,000 in Investment Income for the Emergency Repair, Maintenance & Replacement Fund in fiscal year 2004-2005, additional \$3,750,000 in Investment Income for the Maintenance Pool in fiscal year 2004-2005 and 53,500,000 Bond Funds for the Renovate State Office Bldg. Phase II project.

The Senate amends Part II, Capital Budget, language provision as follows:

**"Statewide Repair, Maintenance, and Replacement Pool Fund:** Included in the above Statewide Repair, Maintenance, and Replacement Pool Fund are the following Bond Funds supported projects and related appropriations in fiscal year 2004-2005:

- (a) Military Affairs, Construct 30 New T-Hangars, Capital City Airport, \$1,350,000;
- (b) Military Affairs, Maintenance Pool, \$860,000;
- (c) Parks, Maintenance Pool, \$3,990,000;
- (d) Kentucky Horse Park Commission, Maintenance Pool, \$575,000;
- (e) Department of Education, Operations and Support Services, \$675,000;
- (f) Environmental and Public Protection Cabinet, Department for Environmental Protection, State-Owned Dam Repair, \$1,000,000;
- (g) Facilities and Support Services, Acquire Land/Demolish Buildings Statewide, \$975,000;
- (h) Facilities and Support Services, Statewide Deferred Maintenance Fund, \$1,000,000;

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**Facilities and Support Services**

- (i) Facilities and Support Services Maintenance Pool, \$3,750,000;
- (j) Health and Family Services Cabinet, Department for Mental Health and Mental Retardation Services, Maintenance Pool, 1,500,000;
- (k) Health and Family Services Cabinet, Miscellaneous Roof Pool, \$200,000; and
- (l) Justice and Public Safety Cabinet, Corrections Management, Maintenance Pool, \$1,850,000."

**G - Finance and Administration Cabinet****Capital Budget****Facilities and Support Services**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>						
General Fund	7,500,000	8,300,000	800,000			
Restricted Funds	1,924,000	1,924,000		124,000	124,000	
Bond Funds	35,550,000	77,725,000	42,175,000			
Capital Construction Sur	444,400	444,400				
Investment Income	1,400,000	8,625,000	7,225,000			
<b>TOTAL CAPITAL</b>	<b>46,818,400</b>	<b>97,018,400</b>	<b>50,200,000</b>	<b>124,000</b>	<b>124,000</b>	
<b>II. CAPITAL PROJECTS</b>						
<b>2</b>	<b>Acquire Land/ Demolish Bldgs-Statewide-Additional</b>					
PRJ7850150						
Investment Income		975,000	975,000			
<b>Project Total</b>		<b>975,000</b>	<b>975,000</b>			
<b>3</b>	<b>Improve Site Infrastructure-KY Capitol Complex II</b>					
PRJ7850151						
Restricted Funds	1,800,000	1,800,000				
Bond Funds	6,000,000	6,000,000				
<b>Project Total</b>	<b>7,800,000</b>	<b>7,800,000</b>				
<b>4</b>	<b>Capital Const &amp; Equip Purchase Cont Fund</b>					
PRJ7850160						
General Fund	5,000,000	5,000,000				
Investment Income	1,400,000	1,400,000				
<b>Project Total</b>	<b>6,400,000</b>	<b>6,400,000</b>				
<b>5</b>	<b>Maint Pool-Statewide Deferred</b>					
PRJ7850156						
Capital Construction Sur	444,400	444,400				
<b>Project Total</b>	<b>444,400</b>	<b>444,400</b>				
<b>6</b>	<b>Renovate State Off. Bldg. Phase 2-Franklin Co</b>					
PRJ7850152						
Bond Funds		53,500,000	53,500,000			
<b>Project Total</b>		<b>53,500,000</b>	<b>53,500,000</b>			

**G - Finance and Administration Cabinet****Capital Budget****Facilities and Support Services**

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>7</b>	<b>Energy Performance Projects Pool</b>						
PRJ7850153							
Other Funds							
<b>Project Total</b>							
<b>8</b>	<b>Emergency Repair, Maint &amp; Replacement Fund</b>						
PRJ7850166							
General Fund		2,500,000	2,500,000				
Investment Income			2,500,000	2,500,000			
<b>Project Total</b>		<b>2,500,000</b>	<b>5,000,000</b>	<b>2,500,000</b>			
<b>9</b>	<b>Maint Pool-Finance Owned Bldgs</b>						
PRJ7850167							
Restricted Funds		124,000	124,000		124,000	124,000	
Investment Income			3,750,000	3,750,000			
<b>Project Total</b>		<b>124,000</b>	<b>3,874,000</b>	<b>3,750,000</b>	<b>124,000</b>	<b>124,000</b>	
<b>10</b>	<b>Statewide Repair, Maintenance, and Replacement Pool Fund</b>						
PRJ7850168							
Bond Funds		29,550,000	18,225,000	(11,325,000)			
<b>Project Total</b>		<b>29,550,000</b>	<b>18,225,000</b>	<b>(11,325,000)</b>			
<b>11</b>	<b>Governors Mansion HVAC and window replacement</b>						
PRJ7850169							
General Fund			800,000	800,000			
<b>Project Total</b>			<b>800,000</b>	<b>800,000</b>			
<b>TOTAL CAPITAL</b>		<b>46,818,400</b>	<b>97,018,400</b>	<b>50,200,000</b>	<b>124,000</b>	<b>124,000</b>	



**G - Finance and Administration Cabinet****Operating Budget****County Costs**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>						
General Fund	18,581,500	18,581,500		18,681,500	18,681,500	
Restricted Funds	1,925,000	1,925,000		1,925,000	1,925,000	
<b>Regular Total Funds</b>	<b>20,506,500</b>	<b>20,506,500</b>		<b>20,606,500</b>	<b>20,606,500</b>	
Continuing						
<b>TOTAL FUNDS</b>	<b>20,506,500</b>	<b>20,506,500</b>		<b>20,606,500</b>	<b>20,606,500</b>	
<b>II. EXPENDITURE CATEGORY</b>						
Personnel Costs	1,900,000	1,900,000		1,900,000	1,900,000	
Operating Expenses	14,281,500	14,281,500		14,381,500	14,381,500	
Grants, Loans, Benefits	4,325,000	4,325,000		4,325,000	4,325,000	
<b>TOTAL EXPENDITURES</b>	<b>20,506,500</b>	<b>20,506,500</b>		<b>20,606,500</b>	<b>20,606,500</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>						
General Fund	18,581,500	18,581,500		18,681,500	18,681,500	
Restricted Funds	1,925,000	1,925,000		1,925,000	1,925,000	
<b>Regular Total Funds</b>	<b>20,506,500</b>	<b>20,506,500</b>		<b>20,606,500</b>	<b>20,606,500</b>	
Continuing						
<b>TOTAL BASE LEVEL</b>	<b>20,506,500</b>	<b>20,506,500</b>		<b>20,606,500</b>	<b>20,606,500</b>	

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**County Costs**

**BILL AS INTRODUCED**

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

**"County Costs:** Funds required to pay county costs are appropriated and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet, subject to the conditions and procedures provided in this Act."

The bill as introduced provides expenditures by program within the County Cost appropriation unit as follows:

<b><u>Program</u></b>	<b><u>FY2004-2005</u></b>	<b><u>FY2005-2006</u></b>
Public Defender Program	1,850,000	1,850,000
Witnesses	150,000	150,000
DUI Service Fees	1,425,000	1,425,000
Sheriffs Fees'	7,800,000	7,800,000
County Clerks (Make Tax Bills)	400,000	400,000
Board of Assessment Appeals	75,000	75,000
Fugitive from Justice	1,700,000	1,700,000
Jury Fund	3,700,000	3,800,000
Sheriffs Expense Allowance	500,000	500,000
Premium on Sheriffs' Bond	6,500	6,500
Base Court Revenue	0	0
Access to Justice	2,900,000	2,900,000
Total Expenditures	<u>20,506,500</u>	<u>20,606,500</u>

**Fiscal Biennium 2004-2006  
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**County Costs**

**HOUSE REPORT**

The House concurs with the Bill as Introduced.

**SENATE REPORT**

The Senate concurs with the House.

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**G - Finance and Administration Cabinet****Operating Budget****Commonwealth Office of Technology**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>						
General Fund	292,500	292,500		292,500	292,500	
Restricted Funds	56,636,400	56,636,400		56,718,800	56,718,800	
Federal Funds	771,800	771,800		628,300	628,300	
Road Fund	125,000	125,000		125,000	125,000	
<b>Regular Total Funds</b>	<b>57,825,700</b>	<b>57,825,700</b>		<b>57,764,600</b>	<b>57,764,600</b>	
Continuing						
<b>TOTAL FUNDS</b>	<b>57,825,700</b>	<b>57,825,700</b>		<b>57,764,600</b>	<b>57,764,600</b>	
<b>II. EXPENDITURE CATEGORY</b>						
Personnel Costs	33,044,900	33,044,900		33,196,000	33,196,000	
Operating Expenses	23,105,800	23,105,800		22,893,600	22,893,600	
Grants, Loans, Benefits	175,000	175,000		175,000	175,000	
Construction	1,500,000	1,500,000		1,500,000	1,500,000	
<b>TOTAL EXPENDITURES</b>	<b>57,825,700</b>	<b>57,825,700</b>		<b>57,764,600</b>	<b>57,764,600</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>						
General Fund	292,500	292,500		292,500	292,500	
Restricted Funds	56,636,400	56,636,400		56,718,800	56,718,800	
Federal Funds	771,800	771,800		628,300	628,300	
Road Fund	125,000	125,000		125,000	125,000	
<b>Regular Total Funds</b>	<b>57,825,700</b>	<b>57,825,700</b>		<b>57,764,600</b>	<b>57,764,600</b>	
Continuing						
<b>TOTAL BASE LEVEL</b>	<b>57,825,700</b>	<b>57,825,700</b>		<b>57,764,600</b>	<b>57,764,600</b>	

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**Commonwealth Office of Technology**

**BILL AS INTRODUCED**

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from Technology Trust Fund, in the amount of \$864,800, in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

**"Transfer of Restricted Funds from Operating Budget:** For the major equipment purchases displayed in this section funded from Restricted Funds, it is anticipated that these funds shall be transferred from the Operating Budget as funds are available and needed."

**Kentucky Information Highway-** A \$3.5 million investment in restricted funds for the Kentucky Information Highway, a statewide telecommunications and information network, that has been developed by Kentucky state government in partnership with private telephone companies.

**Kentucky Emergency Warning System-** Among the top priorities identified for funding is the Kentucky Emergency Warning System replacement project (\$26.7 million in bonds). This project will replace the statewide Emergency Warning System for the Commonwealth that is relied upon by law enforcement, emergency response, Kentucky Educational Television (KET), and local officials in the event of impending or actual disaster. It replaces the seriously outdated system created and constructed in the immediate wake of the 1974 tornado outbreak in the Commonwealth.

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**Commonwealth Office of Technology**

**Unified Criminal Justice System E-WARRANT-** Another top priority is the \$4.5 million Unified Criminal Justice System. The system will improve prosecutorial, law enforcement, and judicial functions.

**HOUSE REPORT**

The House concurs with the Bill as Introduced.

**SENATE REPORT**

The Senate concurs with the House with the following changes:

The Senate amends the State Executive Branch Budget Bill, Part II, Capital Budget, by providing Bond Funds totaling \$13,768,000 in fiscal year 2004-2005 for the Public Safety Communications Infrastructure - KEWS project.

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**G - Finance and Administration Cabinet****Capital Budget****Commonwealth Office of Technology**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>						
Restricted Funds	11,610,000	11,610,000		4,750,000	4,750,000	
Federal Funds	1,300,000	1,300,000				
Bond Funds	31,268,000	18,268,000	(13,000,000)			
<b>TOTAL CAPITAL</b>	<b>44,178,000</b>	<b>31,178,000</b>	<b>(13,000,000)</b>	<b>4,750,000</b>	<b>4,750,000</b>	
<b>II. CAPITAL PROJECTS</b>						
<b>1 UCJIS - Court Improvements (E-Warrants)</b>						
PRJ0790028						
Federal Funds	1,000,000	1,000,000				
Bond Funds	4,500,000	4,500,000				
<b>Project Total</b>	<b>5,500,000</b>	<b>5,500,000</b>				
<b>2 Enterprise Infrastructure Security</b>						
PRJ0790029						
Restricted Funds	1,000,000	1,000,000				
<b>Project Total</b>	<b>1,000,000</b>	<b>1,000,000</b>				
<b>3 Enterprise Storage Solution</b>						
PRJ0790031						
Restricted Funds	1,000,000	1,000,000		1,000,000	1,000,000	
<b>Project Total</b>	<b>1,000,000</b>	<b>1,000,000</b>		<b>1,000,000</b>	<b>1,000,000</b>	
<b>4 Enterprise Tape Equipment/Media Solution</b>						
PRJ0790032						
Restricted Funds	1,200,000	1,200,000				
<b>Project Total</b>	<b>1,200,000</b>	<b>1,200,000</b>				
<b>5 Enterprise Messaging</b>						
PRJ0790033						
Restricted Funds	660,000	660,000				
<b>Project Total</b>	<b>660,000</b>	<b>660,000</b>				
<b>6 Disaster Recovery Project-Design</b>						
PRJ0790034						
Restricted Funds				1,200,000	1,200,000	
<b>Project Total</b>				<b>1,200,000</b>	<b>1,200,000</b>	

**G - Finance and Administration Cabinet****Capital Budget****Commonwealth Office of Technology**

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>7</b>	<b>Kentucky Information Highway Upgrade Expansion-Additional</b>						
PRJ0790035							
	Restricted Funds	3,500,000	3,500,000				
	<b>Project Total</b>	<b>3,500,000</b>	<b>3,500,000</b>				
<b>8</b>	<b>Enterprise UNIX Server(s) Consolidation</b>						
PRJ0790037							
	Restricted Funds	2,000,000	2,000,000		1,300,000	1,300,000	
	<b>Project Total</b>	<b>2,000,000</b>	<b>2,000,000</b>		<b>1,300,000</b>	<b>1,300,000</b>	
<b>10</b>	<b>Enterprise Server Complex Update</b>						
PRJ0790040							
	Restricted Funds	1,250,000	1,250,000		1,250,000	1,250,000	
	<b>Project Total</b>	<b>1,250,000</b>	<b>1,250,000</b>		<b>1,250,000</b>	<b>1,250,000</b>	
<b>11</b>	<b>Statewide Digital Orthoimagery Basemap Updating</b>						
PRJ0790042							
	Restricted Funds	200,000	200,000				
	Federal Funds	300,000	300,000				
	<b>Project Total</b>	<b>500,000</b>	<b>500,000</b>				
<b>12</b>	<b>Disk Storage Upgrade</b>						
PRJ0790044							
	Restricted Funds	800,000	800,000				
	<b>Project Total</b>	<b>800,000</b>	<b>800,000</b>				
<b>13</b>	<b>Public Safety Communication Infrastructure-KEWS</b>						
PRJ0790047							
	Bond Funds	26,768,000	13,768,000	(13,000,000)			
	<b>Project Total</b>	<b>26,768,000</b>	<b>13,768,000</b>	<b>(13,000,000)</b>			
<b>15</b>	<b>Franklin County - Lease</b>						
PRJ0790049							
	General Fund						
	<b>Project Total</b>						
<b>TOTAL CAPITAL</b>		<b>44,178,000</b>	<b>31,178,000</b>	<b>(13,000,000)</b>	<b>4,750,000</b>	<b>4,750,000</b>	

**G - Finance and Administration Cabinet****Operating Budget****Revenue**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>						
General Fund (Tobacco)	175,000	175,000		175,000	175,000	
General Fund	61,183,200	61,183,200		62,860,700	62,860,700	
Restricted Funds	3,234,800	3,234,800		3,197,700	3,197,700	
Road Fund	1,418,000	1,418,000		1,418,000	1,418,000	
<b>Regular Total Funds</b>	<b>66,011,000</b>	<b>66,011,000</b>		<b>67,651,400</b>	<b>67,651,400</b>	
Continuing						
<b>TOTAL FUNDS</b>	<b>66,011,000</b>	<b>66,011,000</b>		<b>67,651,400</b>	<b>67,651,400</b>	
<b>II. EXPENDITURE CATEGORY</b>						
Personnel Costs	44,030,300	44,030,300		44,028,800	44,028,800	
Operating Expenses	21,980,700	21,980,700		23,622,600	23,622,600	
<b>TOTAL EXPENDITURES</b>	<b>66,011,000</b>	<b>66,011,000</b>		<b>67,651,400</b>	<b>67,651,400</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>						
General Fund (Tobacco)	175,000	175,000		175,000	175,000	
General Fund	61,183,200	61,183,200		62,860,700	62,860,700	
Restricted Funds	3,234,800	3,234,800		3,197,700	3,197,700	
Road Fund	1,418,000	1,418,000		1,418,000	1,418,000	
<b>Regular Total Funds</b>	<b>66,011,000</b>	<b>66,011,000</b>		<b>67,651,400</b>	<b>67,651,400</b>	
Continuing						
<b>TOTAL BASE LEVEL</b>	<b>66,011,000</b>	<b>66,011,000</b>		<b>67,651,400</b>	<b>67,651,400</b>	

**Fiscal Biennium 2004-2006  
Budget Modification Report**

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**Revenue**

**BILL AS INTRODUCED**

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from the Department of Revenue, Agency Revenue Fund, in the amount of \$103,700, in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

**"Insurance Surcharge Rate:** Pursuant to KRS 136.392, the insurance surcharge rate shall be calculated at a rate to provide sufficient funds in the 2004-2006 fiscal biennium for the Firefighters Foundation Program Fund and the Kentucky Law Enforcement Foundation Program Fund. The calculation of sufficient funds for the above-named programs shall include any Restricted Funds carried forward from fiscal years 2003-2004 and 2004-2005 provided by the General Assembly in this Act."

**"Road Fund Compliance and Motor Vehicle Property Tax Programs:** The above Road Fund appropriation in each fiscal year represents the cost of the Road Fund Compliance and Motor Vehicle Property Tax Programs within the Department of Revenue and is to be used exclusively for that purpose."

**"Tax Compliance and Collection Efforts:** Included in the above General Fund appropriation is \$4,007,800 in fiscal year 2004-2005 and \$4,181,400 in fiscal year 2005-2006 for personnel, operating costs, and information systems to support compliance and efficiency in collections of delinquent taxes and other amounts owed to the Commonwealth."

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**Revenue**

**"Operations of Revenue:** Notwithstanding KRS 132.672 and 365.390(2), funds may be expended in support of the operations of the Department of Revenue."

**Debt Collection-** The bill as introduced, recommends new funding for the Revenue Department to aggressively collect debts owed to the Commonwealth. Both staff resources as well as technology resources are bolstered with the projected result of the collection of an additional \$10 million in fiscal year 2004-2005 and \$20 million in fiscal year 2005-2006.

**Streamlined Sales Tax Project-** Bond funds totaling \$14,062,000 will be used to revamp the information systems needed to implement changes to the sales tax systems required for the Commonwealth to benefit from the National Streamlined Sales Tax Project. This is the interstate coordinated effort to simplify and streamline the taxation of remote sales across the states.

**Significant Revenue Information Technology System Projects-** Three significant systems for the Department of Revenue include the Streamlined Sales Tax Simplification project, \$14 million, the Business Refund Offset system, \$1.75 million, and the Collection System Interface Phase I, \$1.5 million. These systems are all necessary to ensure that revenues are properly and efficiently collected.

The Bill as introduced provides General Fund-Phase I Tobacco Settlement Funds totaling \$175,000 in fiscal year 2004-2005 and \$175,000 in fiscal year 2005-2006 for the Department of Revenue to enhance the enforcement of the provisions of KRS 131.600 and 131.604-131.630.

**HOUSE REPORT**

The House concurs with the Bill as Introduced.

**SENATE REPORT**

The Senate concurs with the House.

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**G - Finance and Administration Cabinet****Capital Budget****Revenue**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>						
General Fund	875,000	875,000				
Bond Funds	17,312,000	17,312,000				
<b>TOTAL CAPITAL</b>	<b>18,187,000</b>	<b>18,187,000</b>				
<b>II. CAPITAL PROJECTS</b>						
<b>1</b>	<b>Develop Streamlined Sales Tax Simplification System</b>					
PRJC30A0022						
Bond Funds	14,062,000	14,062,000				
<b>Project Total</b>	<b>14,062,000</b>	<b>14,062,000</b>				
<b>2</b>	<b>Lease - Franklin County</b>					
PRJC30A0024						
General Fund						
<b>Project Total</b>						
<b>3</b>	<b>Lease - Franklin County</b>					
PRJC30A0025						
General Fund						
<b>Project Total</b>						
<b>4</b>	<b>Lease - Franklin County</b>					
PRJC30A0026						
General Fund						
<b>Project Total</b>						
<b>5</b>	<b>Business Refund Off-Set System</b>					
PRJC30A0027						
Bond Funds	1,750,000	1,750,000				
<b>Project Total</b>	<b>1,750,000</b>	<b>1,750,000</b>				
<b>6</b>	<b>Collection System Interface Phase I</b>					
PRJC30A0028						
Bond Funds	1,500,000	1,500,000				
<b>Project Total</b>	<b>1,500,000</b>	<b>1,500,000</b>				

**G - Finance and Administration Cabinet****Capital Budget****Revenue**

		Fiscal Year 2004-2005			Fiscal Year 2005-2006		
		House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>7</b>	<b>Scanner Replacement</b>						
PRJC30A0029							
General Fund		875,000	875,000				
<b>Project Total</b>		<b>875,000</b>	<b>875,000</b>				
<b>TOTAL CAPITAL</b>		<b>18,187,000</b>	<b>18,187,000</b>				



## G - Finance and Administration Cabinet

## Operating Budget

## Property Valuation Administrators

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. APPROPRIATIONS SUMMARY BY FUND SOURCE</b>						
General Fund	29,719,600	29,719,600		30,532,600	30,532,600	
Restricted Funds	3,578,100	3,578,100		3,510,000	3,510,000	
<b>Regular Total Funds</b>	<b>33,297,700</b>	<b>33,297,700</b>		<b>34,042,600</b>	<b>34,042,600</b>	
Continuing						
<b>TOTAL FUNDS</b>	<b>33,297,700</b>	<b>33,297,700</b>		<b>34,042,600</b>	<b>34,042,600</b>	
<b>II. EXPENDITURE CATEGORY</b>						
Personnel Costs	32,865,700	32,865,700		33,610,600	33,610,600	
Operating Expenses	432,000	432,000		432,000	432,000	
<b>TOTAL EXPENDITURES</b>	<b>33,297,700</b>	<b>33,297,700</b>		<b>34,042,600</b>	<b>34,042,600</b>	
<b>III. BASE LEVEL BUDGET BY FUND SOURCE</b>						
General Fund	29,719,600	29,719,600		30,532,600	30,532,600	
Restricted Funds	3,578,100	3,578,100		3,510,000	3,510,000	
<b>Regular Total Funds</b>	<b>33,297,700</b>	<b>33,297,700</b>		<b>34,042,600</b>	<b>34,042,600</b>	
Continuing						
<b>TOTAL BASE LEVEL</b>	<b>33,297,700</b>	<b>33,297,700</b>		<b>34,042,600</b>	<b>34,042,600</b>	

**Fiscal Biennium 2004-2006  
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**Property Valuation Administrators**

**BILL AS INTRODUCED**

State salary/compensation and employment policy including increments, retirement, health insurance, and personnel complement are addressed in the State/Executive Branch Budget Bill, Part IV, State Salary Compensation and Employment Policy.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes language to appropriate funds for expenditures in fiscal year 2004-2005 that have been approved or paid in accordance with Executive Order 2004-650, Executive Order 2004-1092, and Executive Order 2004-1373.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision that directs:

"Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2004-2005, and fiscal year 2005-2006."

Part V, Funds Transfer, includes a transfer from the Property Valuation Administration Restricted Funds, in the amount of \$111,600, in fiscal year 2004-2005.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

**"Management of Expenditures:** Notwithstanding KRS 132.590 and 132.597, the property valuation administrators are authorized to take necessary actions to manage expenditures within the appropriated amounts contained in this Act."

**HOUSE REPORT**

The House concurs with the Bill as Introduced.

**SENATE REPORT**

The Senate concurs with the House.

**G - Finance and Administration Cabinet****Capital Budget****Kentucky Lottery Corporation**

	Fiscal Year 2004-2005			Fiscal Year 2005-2006		
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>I. CAPITAL PROJECT RECAP BY FUND SOURCE</b>						
Other Funds	21,500,000	21,500,000		3,000,000	3,000,000	
<b>TOTAL CAPITAL</b>	<b>21,500,000</b>	<b>21,500,000</b>		<b>3,000,000</b>	<b>3,000,000</b>	
<b>II. CAPITAL PROJECTS</b>						
<b>1 Sales &amp; Quota System</b>						
PRJ0810168						
Other Funds	500,000	500,000				
<b>Project Total</b>	<b>500,000</b>	<b>500,000</b>				
<b>2 Potential Buyout of On-line Gambling System</b>						
PRJ0810169						
Other Funds	12,250,000	12,250,000				
<b>Project Total</b>	<b>12,250,000</b>	<b>12,250,000</b>				
<b>3 Contingency on Property Adjacent to New Headquarters</b>						
PRJ0810170						
Other Funds	3,750,000	3,750,000				
<b>Project Total</b>	<b>3,750,000</b>	<b>3,750,000</b>				
<b>4 Network Storage &amp; Associated Infrastructure</b>						
PRJ0810171						
Other Funds	500,000	500,000				
<b>Project Total</b>	<b>500,000</b>	<b>500,000</b>				
<b>5 i Series System Upgrades</b>						
PRJ0810172						
Other Funds	1,500,000	1,500,000				
<b>Project Total</b>	<b>1,500,000</b>	<b>1,500,000</b>				
<b>6 Data Processing, Telecomm., and Related Equipment</b>						
PRJ0810173						
Other Funds	3,000,000	3,000,000		3,000,000	3,000,000	
<b>Project Total</b>	<b>3,000,000</b>	<b>3,000,000</b>		<b>3,000,000</b>	<b>3,000,000</b>	
<b>TOTAL CAPITAL</b>	<b>21,500,000</b>	<b>21,500,000</b>		<b>3,000,000</b>	<b>3,000,000</b>	

**Fiscal Biennium 2004-2006**  
**Budget Modification Report**

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**KY Lottery Corporation**

**BILL AS INTRODUCED**

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

**"Property Acquisition:** The Kentucky Lottery Corporation may acquire properties related to the consolidation of the Kentucky Lottery Corporation's facilities assuming one or more of the properties becomes available for purchase. The purchase price of the properties shall not exceed \$3,750,000 in the aggregate."

**HOUSE REPORT**

The House concurs with the Bill as Introduced.

**SENATE REPORT**

The Senate concurs with the House.